

PX 146

From: Asheesh Birla <[REDACTED]@ripple.com>
Sent: Tuesday, June 26, 2018 9:52 AM
To: [REDACTED]
Cc: [REDACTED] Miguel Vias
Subject: Re: FW: Coins <> Ripple

A bit of background

Ripple's main business model/source of income is XRP sales. XRP utility is a core thesis of the company

Our main product, xCurrent, connects financial institutions for better communication and fiat settlement. In our September product release we will enable xCurrent banks to optionally use XRP liquidity using xRapid. [REDACTED] Thailand will be the first bank to use XRP liquidity (for payments into SE Asia) and this will be a big deal for Ripple, the XRP ecosystem and our narrative. [REDACTED] and the Thai regulators have granted them approval to use XRP liquidity using xRapid but through a crypto exchange. Coins PH is unique in that it's both a crypto exchange and last mile payout into the Philippines via bank, cash and mobile delivery options. Coins PH has plans to expand into Thailand and Indonesia. [REDACTED] plans on using [REDACTED] or XRP liquidity into PHP, Indonesia and potentially Thailand. Coins PH is unique in achieving regulatory go ahead, payout capabilities, and has been building this for the last 4 years whereas most crypto exchanges around the world are less than 18 months old and only do the exchange portion.

We can potentially separate from the crypto back by driving XRP utility.

Regulators and banks follow a herd mentality, so if we prove this out - it could unlock other banks and regulators in SE Asia.

Asheesh

On Tue, Jun 26, 2018 at 8:09 AM [REDACTED]@ripple.com> wrote:

[REDACTED]

>

- > Thanks for the questions and looking forward to catching up this
- > morning to give broader context. This is definitely a non traditional
- > process that we are working through. We have asked multiple times for
- > the financials but have only received revenues and some performance
- > metrics. We'll keep pushing on them for this and would obviously
- > insist on receiving them before any investment.
- > On the sense of urgency - we have a reasonable level of confidence

> that Coins.ph has an acquisition offer and expected to receive another offer.
 > They may also have another investment offer. They are using these to
 > drive urgency. On our side we are also motivated to get clarity as
 > they are a key component to the xRapid corridor in the Philippines. If
 > we are not able to bring them into the fold we will need to work
 > towards finding another (we are already trying to do this in parallel
 > but Coins.ph is the preferred partner).

>
 > [REDACTED]
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 > On Jun 26, 2018 5:24 AM [REDACTED]@ripple.com> wrote:

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 > New to this... 2 (perhaps dumb) questions
 > 1) Is there a financial model that shows the ROI/Business model?
 > 2) What/Who is driving the urgency?

>
 > On Mon, Jun 25, 2018 at 7:57 PM, [REDACTED]@ripple.com>
 > wrote:

>> Asheesh,
 >>
 >> Unfortunately we don't have much to back that up. Coins.ph has not
 >> shared their remittance volumes (in either the investor deck or the
 >> xls
 >> spreadsheet) so we are not able to back into those numbers. I was
 >> planning to ask Ron to dig in further on this and get some details on
 >> the underlying numbers in hope that we would settle somewhere closer
 >> to the 2% number we showed to Brad. I'm open to suggestions.

>> [REDACTED]
 >> [REDACTED]
 >> On Mon, Jun 25, 2018, 6:23 PM Asheesh Birla [REDACTED]@ripple.com> wrote:

>>> I can take a deeper look tonight but one quick note is that it may
 >>> be difficult to debate the 1% revenue number against our 3%
 >>>
 >>> Do we understand his business model more broadly? For example, do
 >>> we have an investor deck we can get a hold of? Or if we have
 >>> revenue numbers we can try to back into it?
 >>>
 >>> for example exchanges today make money on exchange fees, deposits,
 >>> withdrawals. I'd love to take a deeper look on what [REDACTED] is doing here.

>>> On Mon, Jun 25, 2018 at 5:58 PM, [REDACTED]@ripple.com> wrote:
 >>>
 >>>> Below is a proposed response [REDACTED] Let me know if you have
 >>>> questions / comments:

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 >>>>
 >>>>
 >>>> [REDACTED]
 >>>>

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>>>> Thank you for the thoughtful proposal and note regarding the Ripple
>>>> [REDACTED] partnership. We know you still have the day to day
>>>> operations of [REDACTED] to deal with so we appreciate you taking the
>>>> time to work through the strategic side of things.

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>>>> There continues to be a tremendous amount of enthusiasm for the
>>>> potential for Ripple and Coins.ph to work together. As Asheesh and
>>>> I mentioned at dinner, we have a backlog of customers that are
>>>> excited to grow their business in SE Asia and we believe Coins.ph
>>>> is the right partner to help us scale that business. The proposal
>>>> you put together was a great step towards capturing that alignment.
>>>> We've done our best to maintain that structure and come back with
>>>> some revised numbers. I've attached an outline of the proposal but below is some additional color:

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>>>> - We understand your concerns around an exclusivity that survives a
>>>> change of control and we've removed that condition and shifted those
>>>> dollars into the milestones category. While the exclusivity would not be
>>>> prescribed, we would expect that this deal would shift Coins.ph's focus to
>>>> the XRP ledger given the company's alignment with Ripple and our commitment
>>>> to support the Company's efforts. We can have a follow up discussion to
>>>> better understand this.

>>>> - The milestones remained the same as what we had previously
>>>> discussed.

>>>> - The Revenue Guarantee is a commitment from Ripple that we will
>>>> backstop a minimum amount of revenues from incremental customers that
>>>> Ripple brings to Coins.ph. Our proposed structure assumes that 3% of
>>>> transaction volume from Ripple-related customers counts towards annual
>>>> revenue goals of \$2M in year one, \$5M in two and \$8M in year three. This
>>>> would imply that customers that Ripple has brought to Coins.ph generate
>>>> \$67M in incremental transaction volume in year one, \$167M in year two and
>>>> \$267M in year three. To the degree that we do not achieve those remittance
>>>> volumes (and the implied revenue) Ripple will pay Coins.ph an amount of XRP
>>>> equivalent to the difference between revenue goals and implied revenue
>>>> (based on the 3%). Note that the 3% is higher than the 1% you mentioned in
>>>> your Whatsapp as it assumes both direct revenues (fees on remittance) as
>>>> well as indirect revenues from financial services provided to Coins.ph
>>>> wallet holders (bill pay, crypto trading, etc.).

>>>> - As you mentioned in your Whatsapp, it is in both of our interests
>>>> to make sure that Coins.ph is well capitalized to deal with both the
>>>> incremental business we believe we can bring as well as an aggressive
>>>> organic expansion plan. We are proposing that Ripple will invest \$10M of
>>>> XRP as part of this proposal. The valuation of the investment would be
>>>> determined prior to the closing of the deal.

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>>>> Please don't hesitate to reach out if we can provide additional
>>>> color on this proposal. As always we're happy to jump on the phone.

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>>>> [REDACTED]

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>>>> *From: [REDACTED]

>>>> *Sent: * Wednesday, June 20, 2018 1:48 PM

>>>> *To: * [REDACTED]@ripple.com>; Miguel Vias <

>>>> [REDACTED]@ripple.com>

>>>> *Subject: * [REDACTED] Ripple

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>>>> Hi [REDACTED] Miguel -

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>>>> Please see attached. I am sorry for the delay on this, things have
>>>> been moving rather quickly on the other path, and I also feel the
>>>> ask is quite aggressive, so was feeling apprehensive about reverting this.

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>>>> Some additional commentary on this - My hope is that this
>>>> partnership coming together will allow us to either turn down
>>>> acquisition path, or, in least case, entrench in the deal terms that continuing to service our
>>>> partnerships is an inseparable part of our business. In either way it
>>>> is clear to me that once we sign, it represents a commitment on our side.

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>>>> Best,

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>>>> [REDACTED]

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